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FIRST COUNTRY COOPERATION FRAMEWORK FOR THE REPUBLIC OF KOREA (1998-1999)

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INTRODUCTION

1. The first country cooperation framework for the Republic of Korea (ROK), which covers the period 1998-1999, is based on the UNDP advisory note and consultations between the Government and UNDP. Due to prolonged negotiations for assignment of core resources, it became apparent that the process to formulate the CCF could not be completed in time to present the document to the Board at its third regular session 1997. Under these circumstances, the Administrator found it necessary to extend the period of the fifth country programme to cover the year 1997. The Administrator wishes to bring this to the attention of the Executive Board at its current session.

2. The present document has been developed by the Government to serve as a Memorandum of Understanding to be submitted to the UNDP Executive Board for approval in January of 1998. The advisory note was officially transmitted to the Government in September 1997. The strategies and programmes defined in the CCF constitute the most effective use of UNDP resources for the achievement of sustainable human development (SHD) and national development priorities. The CCF reflects the declarations of key United Nations international conferences, such as the 1992 United Nations Conference on Environment and Development (UNCED), the 1995 World Summit for Social Development, and the 1995 Fourth World Conference on Women.

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

3. The Republic of Korea covers an area of 99,392 square kilometres and had a population of 45.2 million in 1996. It is densely populated, with 455 persons per square kilometre. The country has a varied terrain, with mountains covering about 70 per cent of its territory. These factors have had profound impact on the way people live. Traditionally, agriculture was the mainstay of the economy until limited industrialization was introduced under Japanese colonial rule in the early 1900s. The Korean people constitute a homogeneous ethnic group and speak one common language, which has contributed to a strong sense of national identity. Human resource development has been viewed as one of the most essential elements in sustained growth, and the Government has reinvested capital income back into education for higher returns in that area.

4. The Republic of Korea was classified as a least developed country in the 1960s. But now per capita gross national product (GNP) has risen above $10,000 per year, making it the twelfth largest trading nation in the world and classifying it as an upper middle-income, fast-industrializing country. This remarkable economic growth has been attributed to Five-Year Economic Development Plans dating back to 1962, making exports the engine of growth. In the initial stage of industrialization, labour-intensive light industry, especially textiles, was the growth leader, overtaken later by heavy and chemical industries, which boosted production. From a statistical perspective, economic growth rates during some Five-Year Plan periods achieved record-breaking marks: 9.7 per cent (1967-1971); 10.1 per cent (1972-1976); 7.6 per cent (1982-1986); and 9.6 per cent (1982-1986). In 1996, the Republic of Korea was granted

membership in the Organisation for Economic Cooperation and Development (OECD) in recognition of its economic achievements.

5. Looking back at UNDP involvement in the country's development since 1964, country projects have evolved from basic technical training in the promotion of industries to projects in the current SHD priority areas of environment, empowerment of women, job creation and technical cooperation among developing countries (TCDC). Between 1962 and 1996, UNDP contributed a total of $78 million to national development efforts aimed at promoting economic and social progress. The beginning of the 1990s marked a transition for the Republic of Korea and UNDP: the Republic of Korea has become a net contributing country. Apart from its voluntary contributions, it has also contributed $5.0 million to the Tumen River Area Development Programme (TRADP).

6. The improvement in the quality of life of the people of the Republic of Korea has been confirmed by the Human Development Report 1997. Of the 175 countries measured by their human development index, the Republic of Korea ranked thirty-second overall. Life expectancy is 71.5 years, and the adult literacy rate and combined first-, second-, and third-level gross enrolment ratio have reached 97.9 per cent and 82 per cent, respectively. The Republic of Korea has literacy and enrolment rates similar to those of other industrialized countries, but a relatively lower per capita GNP.

7. Thanks to the combination of rapid economic development, investment in people and strong State intervention, the incidence of poverty has declined dramatically. The percentage of the population living in absolute poverty declined from 40.9 per cent in 1965 to 9.5 per cent in 1988, and at present is only 3 per cent, mostly the disabled, ill, or elderly, who are supported by national assistance programmes. The Government now aims at ensuring that people who are incapable of working are able to secure a national minimum standard of living, particularly with respect to education, medical care and housing.

8. Despite the Republic of Korea's economic success and its high levels of education, only marginal progress has been made in advancing the status of women in government, at the workplace and at home. Compared to their peers in other countries, women of the Republic of Korea suffer more serious social and economic disadvantages, which are deeply rooted in the country's history and culture. In 1995, 92.7 per cent of domestic chores were shouldered by women and the female economic activity rate as a percentage of the male economic activity rate was a meagre 68 per cent. In 1997, the Republic of Korea ranked seventy-third globally out of 94 countries according to the gender empowerment measure (GEM) and thirty-fifth out of 146 countries on the gender-related development index (GDI). Future programmes, therefore, will strive for greater female integration in the labour force and the improvement of the welfare of women. Increased opportunities for women in education, training and management will enlarge the scope of their participation and contribute to a more equal distribution of responsibilities and rewards. The Republic of Korea defined upstream initiatives at the Fourth World Conference on Women to advance women's interests in line with UNDP efforts to link sustainable development with empowerment.

9. The Government participated in UNCED and, recognizing the seriousness of its environmental problems, endorsed the Conference's commitments to sustainable development. Over the past three decades, the country's high rate of economic growth has incurred high environmental costs. Rising consumption of merchandise and disposal of product wastes accruing from industrialization have increased air, water and land pollution, including contaminants in food sources. Emission of air polluting substances are still very high compared to emissions of these substances in many OECD countries, and automobiles account for 71.6 per cent of all air pollution in Seoul. In response, the Government stepped up policy development and established the Ministry of Environment in 1990. During the period covered by the CCF, programmes and priorities will be focused on environmental research in identifying appropriate methodologies for curbing industrial pollution of air and water, developing an environmentally sound and sustainable development concept and supporting the Government's capacity for rigorous auditing in industry and agriculture.

II. RESULTS AND LESSONS OF PAST COOPERATION

10. The first country programme of cooperation between UNDP and the Republic of Korea dates back to 1972 and was supported entirely by UNDP grant funds. From the period of the fourth country programme onwards, the Republic of Korea began to match funds as economic conditions improved. When the fifth country programme was initiated in 1992, the national execution modality was fully operational, and the cost-sharing ratio had reached 50:50, inducing national implementing agencies to provide more in-kind contributions and participate actively in project activities. The current ratio of country programme resource for government cost-sharing and UNDP funds is approximately 75:25.

11. A mid-term evaluation of the fifth country programme was conducted in 1995. The positive assessment indicated that UNDP had successfully supported national efforts to strengthen the programme planning process, and that tangible results in terms of overall relevance, effectiveness and impact were achieved. The introduction of national execution gave the Government increased ownership and ensured sustainability. The evaluation noted the prompt formulation of projects that was made possible by the ability of the Government to mobilize its institutional resources. Also, a high degree of cost-effectiveness was achieved through the combination of cost-sharing schemes and in-kind contributions to the financial needs of projects. International technical assistance enhanced the quality of various outputs. These will continue to be major advantages of UNDP intervention under the first CCF.

12. Past cooperation was not, however, without weaknesses. It should be noted that goals set out as immediate objectives were often too general and at times unrealistic. A review of national execution noted that project monitoring and evaluation procedures required wider use of objective performance criteria. One major failure of the programme was the inability to establish linkages among umbrella projects, which would have provided greater sustainability of individual results achieved. Other problems were technical in nature, such as language-related problems, the lack of project personnel, and insufficient financial management, acting as impediments to high-quality and timely project implementation.

13. In line with the Republic of Korea's transition from a programme country to a donor country, the incremental inclusion of regional cooperation components is recommended. The Republic of Korea's TRADP Trust Fund was conceived in this regard, to allow for national inputs to subregional activities. Already, out of the total contribution of $5 million, the Government has released $3.4 million, out of which two projets were completed and three are in hard pipeline. The significance of these activities includes the promotion of relations for subregional economic prosperity, cross-boundary information exchange, the standardization of measurements, the development of uniform legal systems and cultural enrichment in the North-east Asian region.

III. PROPOSED STRATEGY AND THEMATIC AREAS

14. The central objective of the first CCF is to develop and institutionalize national capacities to plan and implement SHD programmes in the areas of environment, science and technology, gender, and poverty and social welfare. The new programme strategy will be guided by six underlying principles: (a) strengthening the Republic of Korea's national execution capacity to formulate, manage and implement SHD policies and programmes; (b) optimal and efficient use of the comparative advantages available from all United Nations organizations; (c) clearly established links between the recommendations of global conference to country programming; (d) the mobilization of substantial non-UNDP funds for inputs to non-operational-type projects; (e) strengthened accountability and impact assessment, with a system of targets, benchmarks and success criteria for improved evaluation; and (f) the establishment of links between regional, subregional and country programmes with identical SHD objectives.

15. In addition, a conscientious effort will be made to share the Republic of Korea's experience with developing countries in need. The majority of future projects will have a built-in outreach assistance component, which will obligate the relevant implementing agencies to share and disseminate information and provide training for targeted developing countries experiencing similar sectoral problems. Projects will be geared towards creating value-added Republic of Korea models or defining best practices, with the primary target beneficiaries being "internal", i.e., national groups or institutions, and the secondary target beneficiaries being "external", i.e., developing countries. Projects may evolve into a TCDC modality and/or regional cooperation initiatives, if the substance and outputs are appropriate.

16. The CCF will follow a three-tiered approach through three subprogrammes. The first programme focuses on four distinct thematic areas that conform to UNDP mandates and to the priorities of the Government. They are listed in the order of their target for resource assignment from the core (TRAC) funds distribution: science and technology, including TCDC; the environment; gender; and poverty and social welfare. The second programme will address the future prospects for regional cooperation in preparation for the transition expected of the Republic of Korea. The third programme will generate discussions on the future UNDP role in the Republic of Korea with respect to regional cooperation in the immediate North-east Asia region and beyond.

A. Thematic areas

1. Promotion of science and technology

17. Buoyed by the positive mid-term assessment of the fifth country programme, several science and technology projects will be formulated to secure and strengthen the success already achieved in the area and to expand TCDC activities further to exchange programmes with developing countries so that advances in technology may enhance the quality of life of the poor in other regions. Multi-bilateral global activities, with particular attention being paid to less developed countries, will be undertaken in conjunction with Korea International Cooperation Agency, the national centre for external development assistance.

18. With support from UNDP, the Republic of Korea has promoted training for the development of high-quality science and technology policies. Under the first CCF, the second phase of upgrading the science and technology policy and implementation capabilities of the Government as well as promoting effective collaboration between the Government, the United nations system and UNDP will begin. Advanced technology training and an education programme for developing countries are among the activities that will be pursued.

19. The key to success in regional cooperation will be determined by the continued promotion of national capacities to serve development efforts. The programme will promote human resource development through a national network of scientists, focusing on the training of local scientists in technologies for sustainable development and courses on environmental sciences for technicians and middle-level managers, engineers and educators.

2. Environment and natural resource management

20. The Republic of Korea is committed to international cooperation in the environmental sector, in line with the commitments of UNCED and other international conventions, and is fulfilling its obligations through national action. In pursuance of the national environment policy, the successor programme will identify a range of policies, strategies and programme thrusts to buttress sound management of the environment.

21. Environmental degradation and the unsustainable exploitation of natural resources will be countered by joint efforts of the Government and UNDP. The mid-term evaluation raised important policy questions about sustainable resource management and noted the success of the environmental network established to promote increased awareness about environmental issues. Support from UNDP alone will not be able to resolve the environmental problems confronting the country, but much can be accomplished through the provision of expertise in areas where local capacity is lacking, such as in environmental networking, environmental contaminants in food, pollutant monitoring techniques and environmental technology.

22. Specifically, the programme will address the area of risk assessment of environmental contaminants and will establish a methodology by which to monitor

environmental contaminants based on statistics and analysis. The development objective is to enhance public health through the effective management of pollutants in both domestic and imported food supplies. The programme will also investigate the management and monitoring systems of surface run-off from metropolitan areas and apply the information gained to developing countries. The expected output will be to eventually eliminate toxic pollutants and to develop policies to encourage sustainable development and prevent the mismanagement of water resources.

3. Gender equality and the advancement of women

23. Even though patriarchal practices in modern-day Republic of Korea are deep-rooted, the Government is striving to bring equal opportunities to women. Realizing that one of the UNDP areas of focus is the advancement of women, the Government has a keen interest in supporting activities to strengthen the critical role women play in the development process. Increasingly, women's participation in the economic, political, and social spheres is being recognized as an essential component of SHD.

24. New projects under the CCF will incorporate Beijing Conference follow-up activities through workshops, research studies, and study tours. Projects will examine women's access to information and develop measures to promote a broader understanding of relevant women's issues. Surveys will be carried out to assess women's computer knowledge. Also, efforts will be aimed at raising awareness about women's issues to instil confidence in disadvantaged women. Promotion of social sympathy over the plight of poor women in local communities will be implemented through awareness education, use of the media, the holding of public forums, campaigns and other grass-roots activities. On a more upstream level, the problems and limitations of current laws will be studied by examining the legal status of Korean women and actual practices. Disparities and discrimination will be addressed in the areas of employment, education, family, social welfare and culture.

25. A major impact objective is to include women's work, especially household work, which is unremunerated, in national accounting statistics, so that gender considerations are not neglected in national economic policies. The success of the programme will not become obvious in the short period of the CCF, but the programme should generate interest and has the potential for implementation on a wider scale.

4. Poverty alleviation and welfare enhancement

26. Research studies were conducted in the previous cycle to identify, evaluate and categorize urban, rural, and gender characteristics of poverty, with the ultimate goal of influencing national poverty alleviation policies. Through its first national human development report, the Republic of Korea will compile a comprehensive statistical database and various indicators for international comparison. The report will focus on human capital, gender equality, poverty and environment, as well as provide a broad overview of economic and human development strategies. Furthermore, when completed, a research project

initiated in 1996 by a team of renown Korean scholars will define urban and rural poverty, women in poverty, housing issues and policy recommendations. When the results of these projects materialize, a regional workshop will be organized to share the successful experiences with interested developing countries.

27. Beyond immediate capacity development activities in support of the examination of poverty in the Republic of Korea, peripheral social issues on the elderly and handicapped groups will be addressed. The welfare of the elderly was generally neglected during the period of intense social-economic development. Interest is growing in improving community-based home-help services for those confined to their homes or otherwise disabled. UNDP will help to develop policies and measures to promote employment opportunities so as to facilitate the economic integration of these groups into society. UNDP has and will play an important role in ensuring balanced human development and raising awareness about social rehabilitation for the elderly and handicapped persons.

B. Regional cooperation

28. The esteem in which UNDP continues to be held in the Republic of Korea and the mediation role that it can play in the collective resolution of regional and subregional issues are distinct advantages. Other advantages of the organization are its neutrality, extensive expertise, ability to function as an "honest broker", its role as a catalyst, and its decentralized network in some 174 countries, including in the Democratic People's Republic of Korea. In the order of priority, regional cooperation will consist of three subdivided areas of concentration: (a) the Tumen River Area Development Programme; (b) support for inter-country cooperation; and (c) technical and economic cooperation in the Korean Peninsula.

Tumen River Area Development Programme (TRADP)

29. TRADP is perceived as a unique and important development programme that provides an opportunity to develop closer relations with the Democratic People's Republic of Korea and North-east Asian countries. With the contribution of $5 million pledged by the Government in support of TRADP, two country projects - studies in support of TRADP and a study of the commercial and investment banking needs in the Tumen River Economic Development Area - have been completed. During the 1998-1999 period, additional pipeline projects will be identified jointly with UNDP. These projects will contribute to the promotion of the tourism industry, international cargo passages, and the development of a commercial structure for long-term economic dividends of North-east Asia.

30. A UNDP/Republic of Korea trust fund of $1 million in support of TRADP was allocated out of the total $5 million budget for programming various subregional development activities from the sustainable economic and human development perspective in areas of common interest among the countries involved. As a result, seven new projects in the areas of the environment, investment promotion and the development of shipping-related information are under way.

Support for inter-country and subregional programmes

31. In an expression of the Government's active interest in supporting the intercountry cooperative programmes, the Ministry of Foreign Affairs has already contributed a total of $650,000 for endeavours in this area. Increasing financial support is envisaged through project cost-sharing and trust funds in the context of the Government's commitment to increase its official development assistance.

32. In the North-east Asian subregion, the Republic of Korea is expected to play a leading role in the formulation and implementation process of the following two projects during the programme period:

(a) Integrated pesticides management. In most North-east Asian countries, heavy dependence on chemical pesticides for considerable periods of time has led to serious environmental degradation and hazards to both human and animal health. This project will introduce more environmentally sensitive and improved pesticides management practices, including a more widespread adoption of integrated pest management, based on the participants' past experiences in the area;

(b) Promotion of women scientists. North-east Asian countries recognize the special role that women scientists can make in the promotion of science and technology for the advancement of women in national development. They believe that science and technology can benefit women and contribute to their economic and social status, including to poverty alleviation in many cases. The project will contribute to the advancement of women scientists in the fields of biodiversity protection, natural sciences, communications technologies, and health sciences in the countries of the Democratic People's Republic of Korea, Mongolia, the People's Republic of China and the Republic of Korea.

C. Future relations between UNDP and the Republic of Korea

33. Before the end of the first CCF in 1999, and as the Republic of Korea graduates from receiving development assistance, the Republic of Korea and UNDP will explore a new partnership paradigm for the twenty-first century. Continuous working-level discussions will be held at both national and regional levels to explore innovative avenues to make the Republic of Korea's potential resources in finance, technology, and expertise available. For the prosperity of regional cooperation and in its efforts to help ensure peace and security in the region, the Government will strive to be recognized as an economic and technical hub in the North-east Asian subregion. The Republic of Korea's trust funds for the region are gestures in favour of regional development and demonstrate its increasing role in intercountry programmes.

IV. MANAGEMENT ARRANGEMENTS

Execution and implementation

34. National execution will remain the primary mode of programme execution and implementation. To the maximum extent possible, all programmes will use the programme approach to guarantee that all activities are grounded in national priorities, policies and programmes. Negotiations will take place to simplify national execution arrangements and procedures, in order to reduce administrative inefficiency and to accelerate delivery. The delivery rate will be carefully monitored through semi-annual Programme Management Committee meetings, consisting of representatives of the UNDP, the Government, and project management, and recommendations will be made as necessary to improve execution. Thematic subcommittee meetings will take place on an ad hoc basis by inviting small groups for substantive discussions. In addition, the first CCF will be reviewed in late 1998 to closely evaluate achievements in relation to the initial goals set.

Monitoring and review

35. In accordance with current practice at the project level, traditional project site monitoring inspections and tripartite review meetings will serve as the main supervisory mechanisms for evaluating progress and preventing delays in implementation. For mid-term tripartite review meetings, national project directors will be required to submit brief progress reports noting indicators to identify and assessing the need for project revision and implementation arrangements. To respond to greater demand for accountability, efforts will be made to institute targets, benchmarks and success criteria for each programme-specific performance indicator.

Resource mobilization

36. The UNDP resource mobilization strategy is to punctually secure non-core funds according to the established cost-sharing payment agreement. Non-core funds will account for 70 to 80 per cent of the total programme budget. Efforts will be made during the course of the programme period to secure additional third-party co-financing when possible. The expected level of core and non-core resources available during the CCF period are summarized in the annex.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR THE REPUBLIC OF KOREA
(1998-1999)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated carry-over	814	Based on an IPF carry-over of $1,555,000 plus TRAC 1.1.1 resources of $159,000 for 1997 minus a 1997 estimated expenditure target of $900,000.
TRAC 1.1.1	317	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
SPPD/STS	25	
Subtotal	1 156*	
NON-CORE FUNDS		
Government cost-sharing	3 325	
Sustainable development funds	-	
Third-party cost-sharing	791	
Funds, trust funds and other	3 297	Republic of Korea TRADP country programme fund. The remaining $1.0 million of the TRADP Fund is reserved for TRADP-related subregional projects and thus not included.
Subtotal	7 413	
GRAND TOTAL	8 569*	

* Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: SPPD = support for policy and programme development; STS = support for technical services; TRAC = target for resource assignment from the core; and TRADP = Tumen River Area Development Programme.